



PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO
607 North 8th Street
BOISE, IDAHO 83702

MINUTES
OF APRIL 22, 2008
MEETING OF RETIREMENT BOARD

The Board of the Public Employee Retirement System of Idaho met at the PERSI Administration Building, 607 North Eighth Street in Boise, Idaho at 8:30 a.m., April 22, 2008. The following members were present:

Chairman Jody B. Olson
Cliff Hayes
Bill Deal
Jeff Cilek
J. Kirk Sullivan

Executive Director Alan H. Winkle, Deputy Director Don Drum, Chief Investment Officer Robert Maynard, Investment Officer Richelle Sugiyama, Deputy Attorney General Joanna Guilfooy, Financial Officer James Monroe, and Management Assistant Cheri Campbell were also in attendance. Betsy Griffith handled the electronic projection of materials and documents discussed in the meeting. Other persons attending portions of the meeting were:

Geoff Bridges	Milliman
Kevin Jones	DBF
Drew Black	DBF
Larry Johnson	EFIB
Chris Halverson	EFIB
James Coleman	REAI
Dona VanTrease	IPEA
Jim Shackelford	IEA
Rod MacKinnon	Mountain Pacific Investment Advisors
Bruce Reeder	Mountain Pacific Investment Advisors
Lucinda Smith	BNY Mellon
Brent Nye	Boise School District
Doug Bates	Clearwater
Phil Bartlett	Clearwater
Patrice Perow	PERSI
Judy Aitken	PERSI

Diane Kaiser
Frank Dye
Graydon Wood

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EXECUTIVE SESSION

Citing Idaho Code §67-2345(1)(f) which authorizes an Executive Session to meet with legal counsel to discuss pending or potential litigation, by motion duly made by Trustee Sullivan and seconded by Trustee Cilek and approved unanimously, the Board convened in Executive Session at 8:30 a.m. During the session, they discussed the possibility of litigation. No decisions were made during the session. They reconvened in regular session at 8:55 a.m.

MINUTES

Approval of the Minutes: By motion duly made by Trustee Deal and seconded by Trustee Cilek, the Board unanimously approved the minutes of the March 25, 2008 meeting as presented.

PORTFOLIO

Monthly Investment Report: Chief Investment Officer Robert Maynard congratulated Chairman Olson on his re-election to the Board of the Council of Institutional Investors, a non-profit shareowner-rights organization that works to educate members and the public about corporate governance. Mr. Maynard then reviewed his report dated April 20, 2008, an update to the April 15 version previously provided to the Board.

The financial and liquidity crisis seems to have peaked in March and eased since the Fed action to rescue Bear Stearns. The capital market focus appears increasingly to be on the extent and depth of the economic slowdown in the US and, to some lesser extent, in Europe and Asia, with earnings announcement driving a great deal of the recent market action. Equity markets worldwide are up 4% to 5% for the month to date, led by a strong emerging market bounce back after a miserable March. Fixed income for the month to date is slightly negative. The total fund is up 2.8% for the month to date, and down -0.3% for the fiscal year to date (-2.6% for the calendar year to date), at \$11.39 billion.

For the fiscal year to date, private equity, fixed income, and emerging markets up for the fiscal year, while international developed equities are down slightly less than US equities. Investment grade bonds, particularly Treasuries and TIPS, are doing very well for the fiscal year, although weak for this month. TIPS and Idaho Mortgages, in particular, are doing very well, and are up around 15% for the fiscal year to date.

Private equity, Barings Global Equity, Fortis, Mtn Pacific, and Tukman are the leading performers against benchmark. Idaho Mortgages are also doing very well. Donald Smith, Adelante, and Bernstein (both emerging markets and global), Genesis, and Brandes are substantially trailing their benchmarks.

Western and Fidelity are also substantially behind their benchmarks. Peregrine has had a particularly disappointing period given their large cap growth style, which is an area that generally has had relative out performance.

PERSI is ahead of the strategic benchmark for the fiscal year to date, by 1.8%. Strategic weights to private equity, emerging markets, the Idaho Mortgage program, and TIPS are the major reason. Collective active management is negative and, for the first time in quite a while, global active management is hurting, rather than helping, returns. March was a particularly bad month for global and emerging markets managers, and Zesiger in particular, suffered.

Mr. Maynard announced that Idaho Mortgages is being reviewed right now and he will have a full report for the May meeting.

INVESTMENT MANAGER COMMENTS

Chairman Olson opened the meeting to comments from PERSI investment managers. D.B. Fitzpatrick said they are seeing energy costs increasing and more demand for commodities. They believe there will be renewed inflation and upward pressure on interest rates over the next 2-3 years.

Doug Bates with Clearwater Advisors introduced Phil Bartlett, a new trader with their firm that will be working on the PERSI accounts. Robert Maynard recognized Clearwater for their assistance to PERSI in the past few months and their continued willingness to help. Mr. Bates stated he is not sure what the bottom means. He does believe the market has settled down to more normal trading. He also feels the government has done a good job expanding credit availability. It is expected that the feds will cut rates again on April 30, 2008 but there is very little expectation of any further cuts this year. However, energy prices and the housing market continue to keep the market volatile.

Mountain Pacific Investments said the manufacturing sector is doing very well. They feel this will continue in the short run and the companies who export will continue to do well. They said the consumer and financial markets will continue to struggle for the next few months.

Larry Johnson with EFIB stated that the fact the market is now able to withstand bad news is a sign that the bottom has passed.

EXECUTIVE DIRECTOR UPDATES

Executive Director Alan Winkle announced his intent to retire as of January 1, 2009. He thanked the Board and the PERSI staff for all their hard work and due diligence over the past 22 years. He has enjoyed the work and is proud that PERSI is a highly recognized and thought of organization among its peers.

Choice 401(k) Plan Amendment and IRS Determination: Deputy Attorney General Joanna Guilfooy reviewed the changes made to the Choice 401(k) Plan and explained the process for obtaining the IRS Determination Letter.

By motion made by Trustee Sullivan and seconded by Trustee Cilek the board unanimously approved the staff recommendations to approve the submission of the final First Interim Amendment to the Fourth Amended Plan through the voluntary corrections program; submission of the final Fifth Amended PERSI Plan to the IRS with a request for a determination letter. The Board authorized the Executive Director to sign the First Interim Amendment and the Fifth Amended Plan for purposes of submission; and to execute any amendments to the Plan that are required by the IRS to obtain a favorable determination letter on the qualified status of the plan.

New Employer: Hillcrest Cemetery Maintenance District from Washington County has requested admittance into PERSI effective May 1, 2008. By motion made by Trustee Deal and seconded by Trustee Sullivan, he Board unanimously approved this admittance to the system.

Executive Director's Status Report: Director Winkle reviewed his status report previously provided to the Trustees. The Calvert SRI fund had a dramatic increase in March. This was largely due to one rollover of \$66,082.93. The fund is up an overall amount of \$68,243.10 over February.

Mr. Winkle, Mr. Drum, and Mr. Monroe have been meeting with DPW and a downtown developer regard the 820 building. The first step will be to obtain a feasibility study for construction of an office building. Mr. Winkle will meet individually with each board member for input.

Deputy Director's Status Update: Deputy Director Don Drum reviewed the status report for the PERSI business operations. PERSI currently has six vacant positions that are being worked on. Judy Aitken introduced Frank Dye, the new Retirement Specialist for the Pocatello office. Mr. Drum reported that there was an increase of 19% in incoming telephone calls to PAC in first quarter 2008 over the first quarter of 2007. The training staff have added two new workshops and have provided education for 927 member January through March. The number of record audits performed has decreased because the majority of audits have already been done. ESC has continued to focus on employer training and is seeing a 19% decrease in processing times.

FISCAL

Fiscal Update: Financial Officer Jim Monroe reviewed the report dated April 14, 2008 that was previously distributed to the members. During the next few months, permanent CEC increases will be determined and begin in mid June when the short-term increases have ended. ESC is planning the annual employer meeting for this fall to coincide with the rollout of several

projects including, employer self-assessment, automated payroll data analysis, and the new Choice Plan communication campaign. Employees not in PERSI will be included in the payroll data analysis to enable us to identify retirees returning to work and employees working for more than 5 months. Mr. Monroe also announced that at next month's board meeting he will have a recommendation to extend the global custody agreement with BNY Mellon.

Expense Reports: Mr. Monroe reviewed the Out-of-State Travel, Administrative, and Portfolio Budget reports for March that were previously provided to the members. He reported that in total the expenses compared to budget are on track for the time of year.

Chairman Olson questioned why the Portfolio Expense Report is being distributed to Legislators and government officials. Director Winkle answered that by law PERSI is required to provide this information to certain people.

Chairman Olson stated he would be meeting with Wayne Hammon regarding salaries of non-classified PERSI employees. He asked that the Trustees contact him with any input.

Future Board Meetings

Mr. Winkle updated the Trustees on the NASRA Annual Conference to be held in August and invited all Trustees to attend. Trustee Sullivan recommended that the PERSI Board host a reception for Alan Winkle at this Conference to allow him to say goodbye to his peers and friends. Chairman Olson asked the PERSI staff to check into holding a reception.

Adjournment: There being no further business to come before the Board, meeting adjourned at 10:18 a.m.

Alan H. Winkle
Executive Director

Jody B. Olson
Chairman